

MISCELLANEOUS APPROPRIATIONS

Budget Summary						FTE Position Summary
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		There are no authorized positions for Miscellaneous Appropriations.
		2011-12	2012-13	Amount	%	
GPR	\$129,912,900	\$124,200,700	\$100,894,300	- \$34,730,800	-13.4%	
SEG	<u>28,779,400</u>	<u>28,305,600</u>	<u>28,581,400</u>	<u>- 671,800</u>	- 1.2	
TOTAL	\$158,692,300	\$152,506,300	\$129,475,700	- \$35,402,600	-11.2%	

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$1,666,700
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Governor: Request standard budget adjustments of -\$1,666,700 in 2012-13 for removal of noncontinuing elements from the base, relating to one-time grants for engineering purposes that sunset on June 30, 2012.

2. NONPOINT ACCOUNT TRANSFER REDUCTION

GPR	- \$2,572,800
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Governor: Reduce by \$1,286,400 annually the sum-certain GPR transfer to the nonpoint account of the segregated environmental fund. Under the bill, the transfer would be reduced by 10% from a base of \$12,863,700 in 2010-11 to \$11,577,300 each year.

3. REESTIMATE OF CANCELLED DRAFT PAYMENTS

GPR	- \$1,700,000
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Governor: Delete \$850,000 annually associated with reestimated cancelled draft payments. Under current law, any check, share draft, or other draft that is issued by the state may be cancelled if not cashed in the period stated on the check or draft. The funds are then re-credited to the fund in which the funds would have been paid. The party to whom the original check or draft was written may request a reissuance of the cancelled check or draft within six years of the original issuance. The cancelled draft payments appropriation is a sum sufficient. The appropriated amounts represent an estimate of the GPR-funded checks and drafts that will be reissued each year. Base funding for the appropriation is \$2,025,000 GPR annually.

4. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE	<table border="0"><tr><td style="padding: 0 10px;">GPR</td><td>\$812,900</td></tr></table>	GPR	\$812,900
GPR	\$812,900		

Governor: Increase funding by \$34,000 in 2011-12 and \$778,900 in 2012-13 to reflect the current law reestimate of debt service costs on state general obligation bonds and commercial paper debt issued to fund a portion of the dental and educational facility for the Marquette Dental School.

5. DEBT RESTRUCTURING -- MARQUETTE DENTAL SCHOOL DEBT SERVICE	<table border="0"><tr><td style="padding: 0 10px;">GPR</td><td>- \$341,700</td></tr></table>	GPR	- \$341,700
GPR	- \$341,700		

Governor: Decrease funding by \$357,800 in 2011-12 and increase funding by \$16,100 in 2012-13 to reflect the changes estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12 (see "Building Commission" for additional information regarding this provision).

6. AIRLINE HUB EXEMPTION TRANSFER REESTIMATE	<table border="0"><tr><td style="padding: 0 10px;">GPR</td><td>\$761,000</td></tr></table>	GPR	\$761,000
GPR	\$761,000		

Governor: Increase funding by \$380,500 annually to reflect a reestimate of the amount of a transfer from the general fund to the transportation fund under a provision related to the state's ad valorem tax exemption for airlines that operate a hub facility in Wisconsin. With this increase, the total amount of the transfer would be \$2,333,800 annually. Under the hub facility exemption provision, an annual transfer is made in an amount equal to the ad valorem tax paid by each airline that qualifies for the exemption in the final year before it qualified for the exemption. During the past several years, the only airline that qualified for the exemption was Midwest Airlines. However, that airline was acquired by Republic Airlines in 2009, merging its operations with other holdings, including Frontier Airlines. The effect of this acquisition was to bring other airlines, that had not qualified for the exemption alone, into one operation that, jointly, qualifies for the exemption. The increase reflected in this item is the ad valorem tax previously paid by those other airlines.

7. OIL PIPELINE TERMINAL DISTRIBUTION	<table border="0"><tr><td style="padding: 0 10px;">GPR</td><td>\$116,600</td></tr></table>	GPR	\$116,600
GPR	\$116,600		

Governor: Increase estimated expenditures by \$53,800 in 2011-12 and \$62,800 in 2012-13 to reflect oil pipeline terminal tax payments of \$857,000 in 2011-12 and \$866,000 in 2012-13. The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's historical cost as a percentage of the gross book value of the pipeline company in Wisconsin.

8. RAIL PROPERTY TERMINAL TAX REESTIMATE

SEG	- \$197,000
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Governor: Reduce funding by \$100,000 in 2011-12 and \$97,000 in 2012-13 to reflect a reestimate of payments made to local governments under the railroad terminal tax distribution program. Specify that, beginning for 2011 payments (made in August, 2011), the amount distributed to any town, village, or city under the program may not be less than the amount distributed to it in 2010. Railroad terminal tax payments, which are made from a sum sufficient appropriation from the transportation fund, are equal to the amount of ad valorem taxes paid to the state by railroad companies for repair facilities, docks, ore yards, piers, wharves, grain elevators, and their approaches, or car ferries, that are apportionable to the town, village, or city in which those facilities are located. With this reestimate, total payments would be \$1,773,000 in 2011-12 and \$1,776,000 in 2012-13. While these amounts are less than the appropriation base of \$1,873,000 (the estimated distribution included in the 2009-11 budget), they represent an increase above the actual distribution for 2010, which was \$1,687,500.

[Bill Section: 2152]

9. TRANSFERS TO THE CONSERVATION FUND

GPR	\$31,200
SEG	- 474,800
Total	- \$443,600

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the recreational vehicle fuel tax transfer based on the current fuel tax rate and the estimated number of registered snowmobiles, ATVs, and motorboats, as follows:

		2011-12		2012-13	
	<u>Base</u>	<u>Change</u>	<u>Total</u>	<u>Change</u>	<u>Total</u>
Snowmobile Transfer	\$4,845,100	\$144,400	\$4,989,500	\$244,200	\$5,089,300
ATV Transfer	1,792,200	-46,700	1,745,500	-83,800	1,708,400
Water Resources Transfer	<u>13,410,600</u>	<u>-471,500</u>	<u>12,939,100</u>	<u>-261,400</u>	<u>13,149,200</u>
Total	\$20,047,900	-\$373,800	\$19,674,100	-\$101,000	\$19,946,900

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by \$15,600 GPR annually (to \$16,600).

10. PUBLIC FINANCING OF CAMPAIGNS FOR SUPREME COURT JUSTICE -- DEMOCRACY TRUST FUND

GPR	- \$1,580,700
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Governor: Delete, effective January 1, 2012, the GPR sum sufficient democracy trust fund transfer appropriation which provides additional funding to the Democracy Trust Fund (DTF) equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF. Eliminate \$1,499,500 in 2012-13, in budgeted expenditure authority provided to this appropriation.

Provide that, for taxable years beginning after December 31, 2011, an individual's tax

liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the Wisconsin Election Campaign Fund (WECF) and the DTF on the individual income tax form. Reestimate check-off revenue to the DTF by -\$34,600 in 2011-12, and by -\$46,600 in 2012-13. Total estimated expenditure authority for the DTF sum sufficient appropriation would be \$328,000 in 2011-12 and \$316,000 in 2012-13. Under current law, this designation does not increase an individual's tax liability or decrease an individual's tax refund. Since the check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations. Under current law, for every \$3 designation made, \$1 is transferred to the WECF and the remaining \$2 is transferred to the DTF.

The DTF provides public financing grants for eligible candidates for Supreme Court Justice. The WECF provides public financing grants for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly.

Funding from the Campaign Finance Check-Off

Current Law. Beginning with 2010 tax returns, every individual filing an income tax return who has a tax liability or is entitled to a tax refund may now designate \$3 for the WECF and the DTF. One-third of the total amount designated by taxfilers through the campaign finance check-off is credited to the WECF, and the remaining two-thirds are credited to the DTF. If individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a \$3 designation. Since the check-off does not affect taxpayer liability, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations.

The Secretary of the Department of Revenue (DOR) must provide a place for campaign finance check-off designations on the face of the individual income tax return and must provide next to that place a statement that a designation will not increase tax liability. Annually on August 15, the Secretary of DOR must certify to the Government Accountability Board (GAB), the Department of Administration (DOA) and the State Treasurer the total amount of any campaign finance designations made during the preceding fiscal year. If any individual attempts to place any condition or restriction upon a designation, that individual is deemed not to have made a designation on his or her tax return. The names of persons making campaign finance designations must be kept strictly confidential.

Bill. Current law provisions regarding the campaign finance check-off would not apply to a taxable year that would begin after December 31, 2011. Instead, for taxable years beginning after December 31, 2011, an individual's income tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the WECF and the DTF on the individual income tax form. As the check-off would now increase a taxpayer's liability or decrease a taxpayer's refund, the bill would delete the GPR sum sufficient appropriations that currently provide the funding associated with campaign finance check-offs. Any campaign finance check-off made by an individual that would not be funded, in whole or in part, by an individual's increased payment of taxes or by an available refund would be voided. The names of individuals making campaign finance check-offs would be kept strictly confidential.

Campaign finance check-off amounts would generally not be subject to refund unless the taxpayer submitted information to the satisfaction of DOR, within 18 months after the date taxes were due or the date the return was filed, whichever was later, that the amount designated was clearly in error. Any refund granted by DOR would have to be deducted from the moneys received in the fiscal year that the refund was certified.

If an individual placed any conditions on a campaign finance check-off, the designation would be voided. For any voided designation, DOR would disregard the designation and determine the amounts due, owed, refunded, and received without regard to the voided designation.

The Secretary of DOR would be required to provide a place for the designation on the individual income tax return and on forms printed by the Department. This place would be required to be highlighted with a symbol chosen by GAB that related to the WECF and the DTF.

Annually, on or before August 15, the Secretary of DOR would be required to certify to GAB, DOA, and the State Treasurer all of the following: (a) the total administrative costs, including data processing costs, incurred by DOR in administering these provisions during the previous fiscal year; (b) the total amount of campaign finance check-offs made by taxpayers for the WECF and the DTF during the previous fiscal year; and (c) the net amount of check-off revenue remaining after deducting DOR administrative costs. An amount equal to the administrative costs incurred by DOR during the previous fiscal year would be deposited to the general fund and credited to the DOR administration of income tax checkoff voluntary payments appropriation. Of the remaining amounts generated by the campaign finance check-off, one-third would be deposited to the WECF and two-thirds would be deposited to the DTF.

As indicated above, estimated checkoff revenue to the DTF would be reduced by \$34,600 in 2011-12, and by \$46,600 in 2012-13. As a result, under the bill it is estimated that checkoff revenue to the DTF would total \$328,000 in 2011-12, and \$316,000 in 2012-13.

Backup Sum Sufficient GPR Funding

Current Law. The GPR sum sufficient democracy trust fund transfer appropriation provides additional funding to the DTF equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF.

Bill. Delete the GPR sum sufficient democracy trust fund transfer appropriation which ensures that there is sufficient funding to fully fund all grants under the DTF.

Effective Dates

As a campaign finance check-off does not increase the tax liability or decrease the tax refund of a taxpayer under current law, GPR sum sufficient appropriations provide the funding to the WECF and DTF associated with these campaign finance check-offs. Under the bill, the campaign finance check-off would now increase the tax liability or decrease the tax refund of the taxpayer. Effective January 1, 2013, the current law GPR sum sufficient appropriations would be repealed.

The remaining provisions related to the campaign finance check-off and the GPR sum sufficient democracy trust fund transfer appropriation would take effect on January 1, 2012.

[See Government Accountability Board and State Treasurer--Public Financing of Campaigns for Supreme Court Justice--Democracy Trust Fund for additional information.]

[Bill Sections: 752, 773 thru 775, 1885 thru 1887, and 9418(1)&(2)]

11. PUBLIC FINANCING OF CAMPAIGNS FOR STATEWIDE AND LEGISLATIVE OFFICES -- WISCONSIN ELECTION CAMPAIGN FUND

GPR	- \$40,600
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Governor: Provide that, for taxable years beginning after December 31, 2011, an individual's tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the Wisconsin Election Campaign Fund (WECF) and the Democracy Trust Fund (DTF) on the individual income tax form. Permit the Department of Revenue (DOR) to deduct administrative costs, including data processing costs, in administering the revised campaign finance check-off and deposit this administrative deduction to its administration of income tax checkoff voluntary payments appropriation. Effective January 1, 2013, repeal the GPR sum sufficient election campaign fund payments appropriation which provides one-third of the funding generated from the campaign finance check-off to the WECF. Reestimate check-off revenue to the WECF by -\$17,300 in 2011-12, and by -\$23,300 in 2012-13. As a result, under the bill it is estimated that check-off revenue to the WECF would total \$164,000 in 2011-12, and \$158,000 in 2012-13.

Under current law, this designation does not increase an individual's tax liability or decrease an individual's tax refund. Since the check-off does not affect taxpayer liability under current law, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations. Under current law, for every \$3 designation made, \$1 is transferred to the WECF and the remaining \$2 is transferred to the DTF. Current law does not permit DOR to deduct administrative expenses from revenue generated by the campaign finance check-off.

The WECF provides public financing grants for eligible candidates for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Superintendent of Public Instruction, State Senate, and State Assembly. The DTF provides public financing grants for eligible candidates for Supreme Court Justice.

[Bill Sections: 752, 773, 882, 883, 1885 thru 1887, and 9418(2)]

12. OTHER MISCELLANEOUS APPROPRIATION CHANGES

Governor: The description and fiscal effect of miscellaneous appropriations changes related to Minnesota-Wisconsin and Illinois-Wisconsin reciprocity are summarized as entries under "General Fund Taxes".